

ON THE JOB: EQUALITY PAYS

Corporate America has its own reason to weed out discrimination—the bottom line



SLOW GOING Desiree Williams believes fear, fed by mergers and downsizing, has slowed minority progress at NYNEX, one of the best-rated firms

GETTING STUCK Daniel Clark says he was rated "promotable ready now" four years running but couldn't move up at Bell



By **GEORGE J. CHURCH**

RACE IN AMERICA

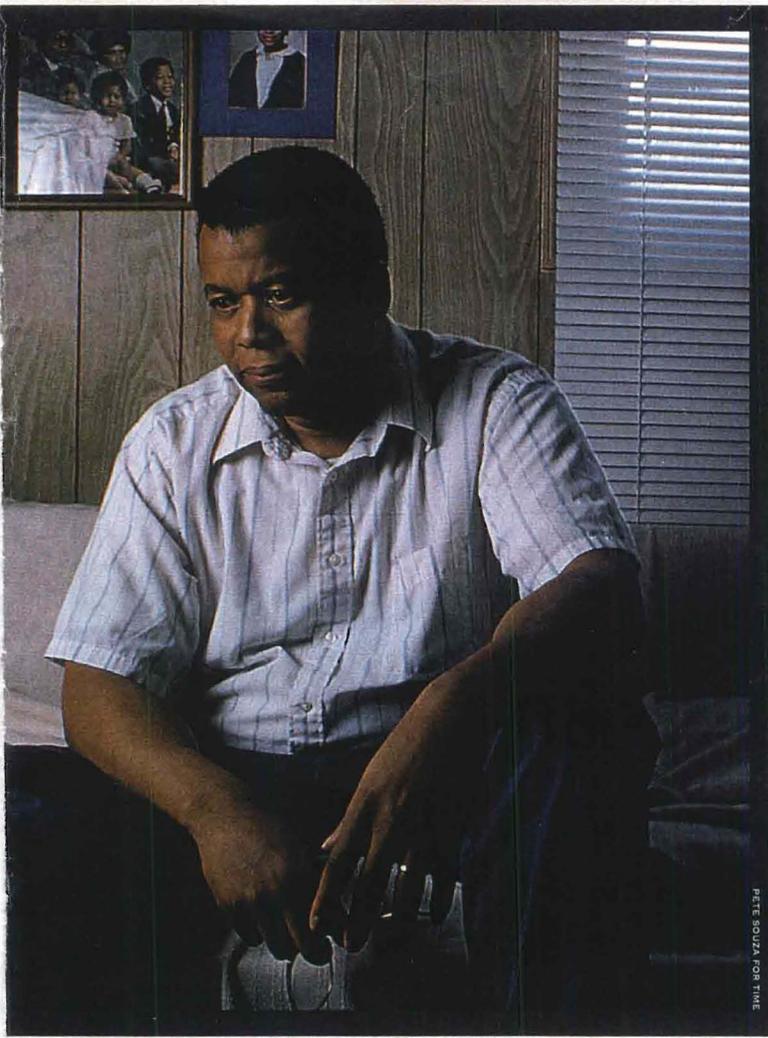
IN BOARDROOMS, RACISM in the workplace, like everything else, is primarily an issue of dollars and cents—as in the case of the \$176 million that Texaco will pay out to settle a class-action discrimination claim, or the \$500 million being demanded from Bell Atlantic in a suit filed by African-American employees last month. Their complaint, which so far incorporates the charges of 126 workers, runs the entire gamut of possible racial bias on the job, from the crudest slurs—an insulting “Nigger Application for Employment” was left on a copier—to more subtle forms of discrimination. Daniel Clark, a finance manager with an M.B.A., charges he was repeatedly passed

over for a promotion. Despite successfully completing a long list of assignments, “I left Bell Atlantic in December 1995 at the same entry level I started at in June 1977,” he said. Black service technicians say they are sent into high-crime areas far more frequently than whites.

Bell Atlantic has moved to dismiss the lawsuit—the court has yet to rule—and says it will vigorously contest the case. Its workforce is 23% black, and so are four of its 22 top executives. Group president for consumer and small-business services Bruce Gordon, a black executive who has been with the company for 29 years, denies there is any consciously discriminatory policy. But he said, “Bell Atlantic is a microcosm of society, and I have to assume there are race-based incidents at Bell Atlantic.” In fact, most companies of any size now have diversity policies in place. Yet

these have not alleviated all racial strains in the workplace. Even at a place like NYNEX—consistently ranked among the “best companies” for minorities—the message of racial equality “comes down strongly from the top but somehow gets lost somewhere in the middle,” according to Desiree Williams, an African-American customer-service rep. Though NYNEX made minority rights a priority after prodding from the Federal Government in 1972, employees like Williams believe the “process seems to have stalled.”

Complaints of racial discrimination to the federal Equal Employment Opportunity Commission were roughly the same in 1995 as in 1990—about 29,000. “But the EEOC is certainly not the primary enforcer of employment rights in this country,” says H. Candace Gorman, a prominent plaintiff’s attorney in Chicago. “The private bar



PETE SOUZA FOR TIME

is." And that's because the financial stakes are higher than ever. Thanks, in part, to a 1991 law that permits pain and suffering awards in workplace discrimination cases, lawyers can make millions on a successful class action.

Companies, meanwhile, stand to lose not just the costs of a lawsuit but also their sales to minority consumers and access to the deepest possible labor pool. "If you're sued, you lose," contends Jerry Maatman, a partner at Chicago's Baker & McKenzie, who in 1989 hit upon the idea of offering companies "audits" of their personnel practices—and so their vulnerability to a discrimination suit. "Our job is to find out what's wrong and then be a doctor and heal them," he says. And judging merely by the pending suits in his own city, there is still a good deal of healing to do.

R.R. Donnelley & Sons Co., the giant

printing firm, is also facing a \$500 million suit that alleges, in addition to myriad individual claims of unequal treatment, that when Donnelley's 1,000-employee Chicago plant closed, 99% of the plant's 575 black workers were laid off, while about 31% of white employees were transferred elsewhere in the company. Only seven blacks were even offered this option. Donnelley insists that the suit "is without merit" but adds that it nonetheless "did stimulate us to take a close, objective and outside look at these things," as spokesman Bill Lowe puts it. To that end, the company has engaged Alexander & Associates to audit its employment practices.

Indeed, a string of expensive settlements, involving Denny's, Lucky Stores and so on, have spawned a new type of insurance, called "employee practices insurance," and new agents to enforce equal

treatment in the workplace: the insurance investigators, who, much like the law-firm auditors, are brought in to take a hard look at how well antidiscriminatory policies proclaimed from the top are carried out below. This is a small but explosively growing field.

Executive Risk, a Connecticut insurer that began writing such policies two years ago, has already tripled its business. To gauge a company's vulnerability, and thus whether to write a policy and what premium to charge, Executive Risk makes clients fill out a six-page application. Some items: annual rate of employee turnover in the past four years; number of involuntary terminations in the past two years; does the company have written procedures for termination, hiring and discipline? The lack of women and minorities in senior management positions is a red flag. Jeff Klenk of the Travelers, which offers this type of coverage, explains that "any industry in the midst of consolidation, such as banking today, is considered risky, because layoffs produce lawsuits." His company also shies away from the biggest corporations because, explains Susan Drake, senior vice president of Traveler Property Casual, "it is so difficult for them to control what is done in individual locations," and "the risk of class actions is so much greater for large companies that you can't get premiums commensurate to that risk."

The good news in all this, says Theodore Shaw, associate director of the NAACP Legal Defense and Educational Fund, is that "while the government may be the watch dog and in some cases may be the impetus, by and large corporate America is adopting diversity for reasons of self-interest: for marketing and public relations and good business purposes." As a result, he believes, on-the-job bias is declining overall, though only slightly and irregularly. "You find more black folks in positions they didn't occupy before," Shaw says. "But there is still widespread and often low-level discrimination. I don't feel we can be sanguine or let our guard down."

More and more corporations agree. "All you have to do is look at the statistics," notes William Guillory, president of Innovations International, a consulting firm based in Salt Lake City, Utah. "The majority of those coming into the work force and graduating from graduate schools are women and minorities, while 85% of those leaving the work force are white men." Still, he notes, "90% of companies are in the same position as Texaco. They don't act until they are hit in the bottom line."

—Reported by Sam Allis/
Boston, Edward Barnes/New York, Ann Blackman
and Sally B. Donnelly/Washington and James L.
Graff/Chicago